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SOUTHEAST ASIA: #1 -- SOUTH VIETNAM

South Vietnam remains firmly committed to the West, and is increasingly concerned over what President Diem calls the "rampant" growth of neutralism in Asia.

- The Vietnamese are keenly aware that the emergence of a hostile regime in Laos would—in combination with an inimical Cambodia and Communist North Vietnam—complete South Vietnam's physical isolation from friendly territory.
- B. The Diem government also fears that a "settlement" in Laos will Applicable of South Applicable of Release 2000/08/29 CIA-RDP/SR00890A000700080010-1

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- in Vietnam with Communist willingness to come to term
- South Vietnam is therefore taking steps to protect its position
- An envoy has been despatched to Laos, to counterbalance as Communist diplomatic representation there that may be established by the contemporary of the counterbalance as following Premier Souvanna's Peiping trip.
- Also, Saigon's quasi-official'representative" in Cambod...
  instructed to combat Communist intrigue in the event Viet hard
  diplomats show up there
  - The South Vietnamese have emphasized to Prime Minister Nebru that Indian interests in Indochina are best served by keeping South Vietnam independent.

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Meanwhile, Diem is continuing efforts to shore up South Vietname internal defenses against communist subversion, and constant military and police pressure is being maintained on Viet Mich